

Wealth Markets and Commerce

Finance - Economics

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Friday, July 6, 1917

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SAVINGS BANKS

The Bowery Savings Bank

128 and 130 BOWERY.

NEW YORK, June 11, 1917.

A semi-annual dividend at the rate of THREE and ONE-HALF Per Cent.

per annum has been declared and will be credited to depositors on all sums of \$5.00 and upward and not exceeding \$5,000 which shall have been deposited at least three months on the first day of July next, and will be payable on and after Monday, July 16, 1917.

Money deposited on or before July 10, 1917, draws interest from July 1, 1917.

HENRY A. SCHENCK, President.

WILLIAM E. KNOX, Comptroller.

JOSEPH G. LIDDLE, Secretary.

Union Dime Savings Bank

407 Street and 6th Avenue

An Interest Dividend (11th consecutive) has been declared at the rate of

Three and One-Half Per Cent, per annum, credited on July 1, 1917, and payable on all sums deposited thereto under the plan of the Union Dime Savings Bank.

Money deposited on or before July 10, 1917, draws interest from July 1, 1917.

ALEX. P. W. KINMAN, President.

FRANK M. LEAKE, Treasurer.

FRANK F. HAZARD, Secretary.

THE FRANKLIN SAVINGS BANK

Corner 8th Avenue and 42d Street.

A semi-annual dividend at the rate of THREE and ONE-HALF Per Cent.

per annum has been declared and will be credited to depositors on all sums of \$5.00 and upward and not exceeding \$5,000 which shall have been deposited at least three months on the first day of July next, and will be payable on and after Monday, July 16, 1917.

Money deposited on or before July 10, 1917, draws interest from July 1, 1917.

ALEX. P. W. KINMAN, President.

FRANK M. LEAKE, Treasurer.

FRANK F. HAZARD, Secretary.

Metropolitan Savings Bank

1 and 3 THIRD AVE. (Opp. Cooper Institute).

CHARTERED 1853

INTEREST FOR THE HALF YEAR ENDING June 30, 1917, at the rate of

FOUR PER CENT. PER ANNUM

will be credited to depositors entitled thereto under the plan of the Metropolitan Savings Bank.

Money deposited on or before July 10, 1917, draws interest from July 1, 1917.

ROBERT D. ANDREWS, Pres.

EDWARD SHERER, Secy.

ITALIAN SAVINGS BANK of the City of New York

44-46 Spring St., opp. LaFayette St.

A dividend has been declared for the half year ending June 30, 1917, at the rate of

Three and One-Half Per Cent.

per annum on sums from \$5 to \$5,000, payable on and after July 10, 1917.

INTEREST FOR THE HALF YEAR ENDING June 30, 1917, at the rate of

FOUR PER CENT. PER ANNUM

will be credited to depositors entitled thereto under the plan of the Italian Savings Bank.

Money deposited on or before July 10, 1917, draws interest from July 1, 1917.

ROBERT D. ANDREWS, Pres.

EDWARD SHERER, Secy.

amounting to a quarter of the net earnings, because the balance available for the common stock would still amount to about \$50 a share.

Current Comment

The stock market is listless and uninteresting, with trading confined almost wholly to the exchange of counters between professional operators. This state of affairs is commonly explained as being due to a seasonal condition, like fluctuations in the price of butter or potatoes—that is, to "summer dullness." No doubt that has something to do with the matter, but there is a much more important factor in the equation. It is simply that the country is in the midst of a period of transition from peace to war, and in consequence the outlook is so obscure and uncertain as to discourage public participation in stock market dealings. Until intricate problems like price fixing, government control of products and transportation and income and excess profits taxation are solved, and it becomes possible to estimate with reasonable assurance the effects on various industries of these things and of others equally important, such as the further depletion of an already attenuated labor supply through conscription, the public is not likely to display much interest in the market.

Uncertainty as to what the next few months will bring forth is restraining business in some lines quite as much as it is checking financial operations. There is, in fact, a general disposition to hold back on future commitments until the economic horizon clears a little. Nevertheless, the accumulation of orders in many lines is so great that factories are running overtime, while those fortunate enough to secure orders for government supplies are also working at top speed. Discussing the situation, Dun's Review says:

In most lines the extensive and increasing war requirements more than offset the lull in regular buying, and, while in isolated cases machinery is idle through lack of orders, nearly all of the works have more contracts booked than can be conveniently handled. Most leading industries, in fact, run under greater difficulty on account of the growing shortage of labor, and complaints of delayed deliveries become more insistent as the drawbacks in transportation continue. The effect of unsatisfactory fuel conditions is seen in the diminished output of pig iron, and more steel plants have been forced to reduce operations because sufficient materials are not immediately available. With indications pointing to an even more pronounced scarcity of supplies in the future and with production costs rising steadily, many articles used in manufacturing, as well as the finished products, have gone still higher, and advances again predominate in this week's list of wholesale commodity quotations. That the extreme prices are necessitating more careful purchasing by consumers is increasingly evident, though distributive trade has broadened further under the stimulus of continued high temperatures and transactions in the aggregate are of large dimensions.

Trading on the stock market being listless and financial operations generally at a low ebb, Wall Street statisticians have much spare time these days. A number of them have been utilizing it in trying to figure how much the government will take from the United States Steel Corporation through the medium of the excess profits tax. The process is a simple one; just take net earnings for the first quarter, amounting to \$113,000, multiply by four and you have an estimate of net earnings for the year—\$452,000, in round figures. Then apply the Senate Finance Committee's graduated tax proposal, and you find that the impost will amount to \$113,580,000, or about 25 per cent of the estimated net earnings. It is an interesting calculation for those who like to deal in large figures, but, unfortunately, it is of little or no practical value to the investor or trader in Steel common. There may be radical changes in the committee's plan before the bill is passed, while any estimate of the net earnings based on the report for the first quarter is pure guesswork, and is likely to prove very inaccurate. Prices for steel products have been mounting steadily and rapidly, and profits may have increased proportionately. On the other hand, it is known that the Steel Corporation has supplied practically all of the steel so far taken by the government at prices below those charged private consumers, while it has refused to book orders for certain products at extremely remunerative prices, deeming it wise to hold back until it finds how much of its output the government will require. Just how earnings will be affected by these developments cannot be calculated at this time. If the estimates of earnings are realized holders could regard complacently the payment of an excess profits tax

Bank Clearings.—Bank exchanges this week reflect the heavy interest and dividend and other payments incidental to the close of the first half of the year, and although there was one less business day, the total of \$5,368,771,925, according to R. G. Dun & Co., shows a substantial increase over a week ago and is 33.4 per cent ahead of the corresponding week of 1916. Average daily bank exchanges for the year to date, compared with the corresponding period of last year, follow:

	1917.	1916.
July.....	\$1,121,038,000	\$810,528,000
June.....	911,070,000	700,386,000
May.....	892,272,000	705,281,000
April.....	904,421,000	683,182,000
First quarter.	827,235,000	698,970,000

Banknote Circulation.—Washington July 6.—The monthly statement of national bank notes and Federal Reserve notes outstanding secured by United States bonds, published by the Controller of the Currency as of July 2 compares with a year ago as follows:

	July 2, 1917.	July 1, 1916.
Natl. bank notes outstanding.....	\$667,670,433	\$686,583,635
Natl. bank notes outstanding.....	\$47,749,577	\$57,591,025

Total natl. bank notes outstanding..... \$715,420,010 \$744,174,660
Fed. Res. Bank notes outstanding..... \$9,945,020 \$9,000,000
Total Fed. Res. Bank notes outstanding..... \$12,790,245 \$9,000,000

Secured by United States bonds.
Secured by lawful money.

London Money Market.—London, July 6.—Money was in good supply, despite heavy applications for Treasury bills. Discount rates were quiet. Money, 3½ per cent. Discount rates: Short bills, 4½ per cent; three-months' bills, 4½ per cent. Gold premium at Lisbon, 85.00.

The Dollar in Foreign Exchange

French exchange rose sharply yesterday, francs rallying to 5.75 for cables, compared with 5.734 on Thursday. Sterling rates were also firmer, while Russian rubles held steady at 22.20 cents.

Closing rates yesterday, compared with a week ago, are given in the table below. American bankers have suspended all dealings in German and Austrian exchange, so that daily quotations for either marks or kronen are no longer available.

	Yesterday.	Week ago.
(Quoted dollars to the pound.)		
Sterling, demand.....	\$4.75 1/2	\$4.75 1/2
Sterling, sixty days.....	4.71 1/2	4.71 1/2
Sterling, cables.....	4.76 1/2	4.76 1/2
Sterling, ninety days.....	4.69 1/2	4.69 1/2

	Yesterday.	Week ago.
(Quoted cents to the dollar.)		
France, demand.....	5.75	5.74 1/2
France, cables.....	5.75	5.74 1/2
France, sixty days.....	5.75	5.74 1/2
France, ninety days.....	5.75	5.74 1/2

	Yesterday.	Week ago.
(Quoted cents to the unit.)		
Guillemers, demand.....	41 1/2	41 1/2
Guillemers, cables.....	41 1/2	41 1/2
Guillemers, sixty days.....	41 1/2	41 1/2
Guillemers, ninety days.....	41 1/2	41 1/2

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current exchange value.	Intrinsic value.
Pounds, sterling.....	\$4.75 1/2	\$4.86 1/2
France, demand.....	0.17 3/4	0.19 3/4
Guillemers, demand.....	0.41 1/2	0.42 1/2
Rubles, demand.....	0.22 1/2	0.21 1/2
Crown, Danish.....	0.28 1/2	0.28 1/2
Crown, Swedish.....	0.30 1/2	0.28 1/2

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, \$4.75 1/2. The intrinsic parity is \$4.86 1/2 per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Auction Sale of German Bank Properties in London

Properties of the German banks in London were sold at auction recently. The offices of the Deutsche Bank of Berlin were sold for \$1,000,000 to Barclay's Bank. The London City and Midland Bank bought the Dresdner Bank Building for \$800,000. The property of the Disconto Gesellschaft brought \$190,000 and was bought for the Corporation of Lloyds.

Significant Relations

Money and Prices:

Stock of money gold in the country..... \$3,088,711,272 \$2,331,494,834

New York, 1917..... \$8,751,000,000 \$7,606,000,000

Loans of all national banks..... 1,525,000,000 1,205,000,000

Total reserve (i. e., cash in national bank vaults and on deposit with Federal Reserve banks)..... 11.7% 10.8%

Ratio of this total reserve to gross deposit liabilities of national banks..... 11.7% 10.8%

Bills discounted and bought by Federal Reserve banks..... \$399,512,000 \$92,283,000

Federal Reserve notes in circulation..... 508,807,000 152,244,000

Total gold reserves..... 1,294,566,000 \$400,355,000

Average price of 15 railroad stocks..... 97.22 97.13 91.46

Average price of 12 industrial stocks..... 97.22 97.13 91.46

Food cost of living (Annalist index number)..... 272.786 276.129 170.029

Production:

Unfilled U. S. Steel orders, tons..... 11,886,591 12,193,083 9,937,798

Pig iron (daily average), tons..... 109,002 110,238 107,053

Active cotton spindles..... 33,459,169 33,259,859 32,209,374

Wheat crop, bushels..... 639,889,000 1,012,000,000

Corn crop, bushels..... 2,993,241,000 3,055,000,000

Cotton crop, bales (exc. linters)..... 11,359,944 11,068,173

Net shortage of freight cars..... 105,127 148,827 33,361

Net surplus of freight cars..... 105,127 148,827 33,361

Gross railroad earnings..... 1,296 1,069 1,482

Bank clearings..... 25.3% 24.6% 22.8%

Commercial failures..... 1.296 1.069 1.482

*Gold held by Reserve agents against circulation included in general fund beginning July 23, 1917. For purposes of comparison it is included in the 1916 figures.

Railroads Given An Unexpected Rate Increase

Decision of I. C. C. Adds 14 P. C. to Class Sched- ules in Eastern Territory

Washington, July 6.—The Interstate Commerce Commission has granted an increase of about 14 per cent in class rates to Eastern railroads. In defining its action the commission gave a decision which, shippers say, materially broadens the class of freight concerned.

The increase is held to apply to all tariffs published as class rates or as specific percentages of certain class rates. Tariffs published in the form of commodity rates are excluded even if based on class rates.

The railroad men were unable to estimate the further increase which this will allow Eastern railroads. The decision came as a surprise, it is understood, to both railroad men and shippers, who had expected to hold conferences over the points involved.

May reports of 130 of 186 railroads to the Interstate Commerce Commission show an increase in net revenue of approximately \$1,500,000. The decrease in earnings of Eastern roads of \$1,800,000 was more than offset in the total by a slight increase in Southern roads' earnings and a rise of more than \$3,000,000 in net revenues of the Western roads.

Many New Companies Organized in Holland

Shipping and Fishing Industries Are Attractive to Capital

According to a list of joint stock companies in the Netherlands, just published, the number of new ones organized in 1916 was unusually large, being 1,074, with a total capital of 254,435,295 florins (\$192,282,880), compared with 563, with a capital of 89,898,935 florins (\$68,139,010), in 1915, and 793, capitalized at 173,445,000 florins (\$69,724,890), in 1914.

The character and number of the principal joint stock companies organized in 1916 were as follows: Shipping, 219; manufacturing of divers kinds, 187; dealing in goods of various sorts, 164; fishery, 114; construction, 102; financial, 34; culture (agriculture, etc.), 26; printing and publishing, 25; chemical, 24; insurance, 19; dairy, 14. Nearly as many construction companies were formed in 1916 as in both 1915 and 1914, and nearly three times as many fishery companies as in those two years. The fishing business was very profitable, which accounted for many new companies, and some of the construction companies were formed in the expectation of active and profitable work immediately upon the close of the war. Anticipated large profits, due directly or indirectly to the war, presumably account for the main part of the increase in other classes.

Japanese Line Pays an "Extra Special Dividend"

The Nippon Yusen Kaisha, the Japanese Mail Steamship Company, Ltd., which operates 100 vessels of more than 1,000 gross tonnage each, in its report for the half year ended March 31 shows a surplus after operating expenses of 22,155,245 yen (\$1,077,625).

After putting aside 2,638,111 yen for special reserve requirements the directors recommended a dividend at the rate of 8 per cent a year, besides 2 per cent as a special dividend and a further 20 per cent as an "extra special dividend." The company's balance sheet shows cash in bank and on hand of approximately \$10,000,000 and public loans and other securities carried at \$14,500,000.

The company now has two ships building, one of 5,137 gross tons and one of 3,702 tons, in 1914. The total tonnage of all ships owned by the company, including the vessels under construction, amounts to 475,263.

"The Chinese customs show that the exports of copper from all China in 1916 amounted to 64,000 piculs, or 35,000 short tons, compared with 45,000 piculs, or 25,000 tons, in 1915. The exports were almost entirely from Tsingtau, or the Chinese part of the Tsingtau district. This increase represents almost entirely copper and brass coins which were exported to twenty-seven smelting concerns in Tsingtau for melting into ingots.

"The custom report notes for the first time the appearance of copper from the Tung-shan copper mine in the Lung-ching-tsun district of Manchuria. The product so far has come from the mine in pigs of the metal containing considerable quantities of other metals."

Germans Organize a Shipping Bureau to Compete with Lloyds

German shipping interests are planning an intelligence bureau, which, it is expected, will compete with the British after the war. According to the American commercial attaché at Copenhagen, Denmark, at a recent meeting in Hamburg of leading ship owners and insurance men, it was resolved to organize a bureau of shipping intelligence modeled after Lloyds in England. The head office will be in Hamburg, with branches in Bremen and Berlin.

Reports will be furnished by cable and wireless by the numerous agents of the subscribing ship companies, and a daily newspaper will be published, giving all current information on the movements of ships, placing of charters and freight and insurance rates all over the world, together with such items of general world news as will especially interest people engaged in transportation and allied lines.

A marine insurance feature, called the "Ocean Guild," will be conducted on the principles of the existing Lloyds. The movement is said to have the support of the Hamburg Senate, the Hamburg and the Lübeck Chambers of Commerce and 400 representative transportation concerns. A yearly budget of 2,000,000 marks (\$476,000) is the estimate; 500,000 marks was subscribed at the meeting to cover the preliminary organization costs.

More Hopeful Over City's Bond Offering

Investment Bankers Say Tax Exempt Feature Will Prove Attractive

Investment bankers predicted yesterday that the sale by the City Controller next Thursday of \$55,000,000 4½ per cent bonds will be a greater success than was expected the latter part of June when the announcement of the forthcoming offering was made. This change of sentiment was attributed to the better demand for municipalities that has developed within the last few days, although the market is by no means active.

The guess was made in one large bond house that the best syndicate bid for the issue on an "all or none" basis would be 101 or better. This would mean that the city would sell the bonds on a basis somewhere between 4.40 per cent and 4.45 per cent.

Arguments that there will be a keen demand for the new issue include the high income yield, compared with the Liberty Loan. The fact that the bonds are tax exempt, it is said, should make them especially attractive to those with incomes above \$500,000 a year, which will be heavily taxed.

At an investment house which in former years was prominent among the bidders for municipal and state issues it was asserted that in all likelihood there would be one syndicate bid which would insure the success of the offering. It was believed there that the total subscriptions would probably be under the totals received in New York City offerings of preceding years, owing to the huge absorption of investment funds by the Liberty Loan. That there would be sufficient bids to insure the success of the loan was not doubted, although attention was called to the fact that numerous American and Canadian municipalities have met with difficulty in selling bonds above the legal minimum.

There was fairly active trading in the new city 4½s on the curb yesterday on a "when, as and if issued" basis. In all \$12,000 changed hands at 102½. On the Stock Exchange the 4½s of 1965 were dealt in at 102½.

China Ransacked For Its Metals By Speculators

Old Cannon Bought Up Along with Copper and Brass Coins for Export

South China districts, according to George E. Anderson, United States Consul General at Hong Kong, are being ransacked and scraped thoroughly for copper and brass to meet the demand in the United States and Europe, and particularly in Japan. The shortage of silver, due to excessive exports of that metal following the high prices abroad, and the desire of Chinese to speculate in gold exchange, which has been felt for more than a year, is accentuated by a shortage of copper and brass coins due to the exports of such coins as metal.

"In South China," Mr. Anderson writes, "this shortage of coins has not been acute until recently, but there are indications that the acute stage in this part of China will be particularly troublesome.